

An Overview of Fayette County's 2007 Annual Trending December 3, 2007

The following steps were taken to conduct the 2007 annual trending in Fayette County:

Step 1: Re-Delineation of Neighborhoods

All of the neighborhoods in Fayette County were completely re-examined and, where necessary, re-delineated for annual trending in 2007. This would include the creation of new neighborhoods and the combination of neighborhoods as well. This portion of trending included all property classes. Some new neighborhoods were established for new construction and/or to establish more accurate assessments.

All commercial and industrial neighborhoods were reviewed and 5 market areas were created for the prime commercial neighborhoods in the City of Connersville. All residential neighborhood delineations were reviewed with particular emphasis placed on the residential neighborhoods located in the central area of the City of Connersville where significant foreclosure/distressed sale conditions are found.

Step 2: Calculation of New Land Values

Land values were last established in Fayette County in 2002 by a different vendor. All neighborhoods were reviewed and new land rates were established for 2007 trending where the data indicated the established rates were incorrect. Residential land was revised for approximately 10% of the neighborhoods in Fayette County. Commercial and Industrial land was revised and conversion from front foot to acreage rates was completed for all neighborhoods not located in the immediate downtown section of Connersville City. All acreage rates were revised with the most notable change in value occurring for those parcels located in the 5 newly established market areas. Additionally, emphasis was placed on establishing a market land rate for fast food restaurants and gas stations throughout the county.

Step 3: Calculation of New Residential Factors & Residential Studies

Per 50 IAC 14, a preliminary ratio study was conducted for vacant and improved residential at the township level. This study dictated which property classes required further analysis, stratification, reassessment or calculation of a new neighborhood factor. In some instances, especially in rural areas of Fayette County, the preliminary ratio study indicated that assessments were both accurate and uniform. In other neighborhoods, further review was required. This resulted in the calculation of new neighborhood factors, grade and condition studies, and effective age studies, with a primary emphasis on non-sold properties.

With regard to rental homes, the county has assembled a detailed income and expense data base that has allowed for the calculation of market rents, expenses, capitalization rates, and gross rent multipliers. This database is the primary method of valuing all rental homes, and in some cases larger apartment complexes.

Residential neighborhoods located in the central area of the City of Connersville were field-inspected. For these 14 neighborhoods (19 neighborhoods total in this area) approximately 10% of the parcels sold with indicated factors both less than 1.00 and lower than 2006 market factors. Stratification of dwelling types by both square footage and geographic location were completed in these neighborhoods.

Step 4: Updated Commercial & Industrial Improvement Values

New commercial and industrial cost table updates were the starting point for updating commercial and industrial improvement values. The county also changed the year of depreciation from 1999 to 2006. The Nexus Group Construction Cost Index (NCCIsm) was used to update these cost tables. In addition to the small percentage changes across all use and wall types, some uses were re-examined as a whole (ex. golf courses, landfills, mobile home parks, etc.) often resulting in sizeable percentage changes. On average, gross costs increased approximately 7% between 2005 and 2006. However, adjustments above and below this average was applied for specific use types where more detailed construction costs were available. These detailed construction cost models have been constructed by Nexus Group and applied uniformly by property class based on specific usage, wall type and other characteristics.

In addition to updating the cost tables, sales, income, and appraisal data was used to update commercial and industrial improvement values. In cases where these methods produced widely divergent values, the most appropriate valuation method was used for the specific property class. When comparable non-sold properties were identified and values from sales and/or income justified changes, the non-sold property was likewise adjusted. Income data collected from the field and through the appeals process was also used by property class or for specific, unique properties. In some specified cases where little or no comparable property existed within the township or county, this comparison process extended beyond the county borders so as to identify the most appropriate comparisons and valuations.